



February 22, 2016

Attention: Kathleen Richardson  
Louisiana Public Service Commission  
Office of the General Counsel  
602 North Fifth Street (Galvez Building) (70802)  
Post Office Box 91154  
Baton Rouge, Louisiana 70821-9154

RE: Solicitation for under \$50K bids from outside consultant to assist Staff in reviewing Entergy Louisiana Gas 2015 Rate Stabilization Plan filing

Dear Ms. Richardson:

ReSolved Energy Consulting, LLC ("REC") is pleased to submit this Proposal for Services to the Louisiana Public Service Commission ("LPSC" or "Commission") for consulting services to assist the Commission in the review and analysis of Entergy Louisiana Gas' 2015 Rate Stabilization Plan filing pursuant to Entergy's Rider RSP. This proposal describes the consulting services REC will provide including:

- A. Statement of the Project
- B. Firm Profile
- C. Work Plan
- D. Prior Experience
- E. References
- F. Personnel
- G. Statement of Potential Conflicts of Interests
- H. Budget Estimates
- I. Authorized Signature
- J. Resumes

REC believes this proposal is responsive to the LPSC's needs and that the results of REC's consulting efforts will ensure that the LPSC is prepared to address any issues brought forth as a result of this review and analysis. We are confident that we can serve the Commission's needs and look forward to working with you and your staff.

Thank you for the opportunity to prepare this proposal for services. If you have any questions regarding this proposal, please feel free to call me at (512) 331 - 4949, extension 105.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Karl J. Nalepa", is written over the typed name.

Karl J. Nalepa  
President

**ReSolved Energy Consulting  
Proposal for Services**

**Louisiana Public Service Commission  
Proposal for Consulting Services**

**Review of  
Entergy Louisiana Gas' 2015 Rate Stabilization Plan Filing**

February 22, 2016

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Proposal for  
Louisiana Public Service Commission  
Entergy Louisiana Gas' 2015 Rate Stabilization Plan Filing

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**STATEMENT OF THE PROJECT**

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Pursuant to the terms of the Rate Stabilization Plan ("RSP") Rider adopted by the Louisiana Public Service Commission ("LPSC") in Order Nos. U-32425 and U-32682, as revised pursuant to Order No. U-33244A, Entergy Louisiana ("Entergy" or "the Company") filed on January 29, 2016, its Rate Stabilization Plan report for the year ending September 30, 2015. On February 10, 2016 the Louisiana Public Service Commission ("LPSC") issued its solicitation for under \$50K bids for an independent technical consultant to assist the Commission Staff ("Staff") in its review of Entergy's filing.

ReSolved Energy Consulting's ("REC") task is to perform a focused review and analysis of the Company's application and supporting documentation. After review of the filing, REC will identify and document any errors found in the application and assist Staff in resolving any differences with the Company. If necessary, REC will prepare pre-filed testimony and supporting exhibits in support of Staff's recommendations. REC will also attend and testify at the Commission's Business and Executive Session if needed.

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**FIRM PROFILE**

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ReSolved Energy Consulting, LLC is a consulting firm specializing in the electric and natural gas utility industry since 1998. REC services includes regulatory assistance, resource planning, power supply analysis and procurement, economic and financial analysis, cost of service analysis and rate design, competitive assessment, litigation support, and load aggregation services.

REC personnel regularly participate in utility regulatory proceedings. These activities often include representing the interests of municipalities and their ratepayers in utility base rate or fuel cost proceedings, fuel reconciliation and refund filings, annual rate adjustments such as transmission, distribution, and purchased power cost recovery factors, and other such filings by investor owned utilities. REC has also represented public power entities in base rate and wholesale transmission rate increase requests. A majority of our assignments have been before Texas regulatory bodies, but REC consultants have provided services throughout the country.

In addition to regulatory proceeding engagements, REC is also experienced in the procurement of energy supplies at both a wholesale and retail level, and has also assisted clients in asset divestiture and procurement. Since 2001 REC has served as technical consultant to a large power aggregation group that since 2011 is called Texas Cities for Affordable Power ("TCAP"). This group is comprised of over 160 Texas cities and political subdivisions. REC's duties include supply procurement, including issuance of RFPs for power supplies and the

negotiation of power supply agreements, provide technical assistance on electric issues, assist individual members with electric problems, and provide new and innovative approaches for saving members money via innovative procurement and contracting. REC developed and implemented one of the first arrangements in the Texas deregulated market where customers separately procure power and REP services from alternative providers.

For additional information please visit our web site at [www.ReSolvedEnergy.com](http://www.ReSolvedEnergy.com).

## WORK PLAN

### Estimated Timeline

REC submits the following estimated timeline to complete the proposed work plan:

Activity	Description	Date
1	Entergy files RSP Evaluation Report	January 29, 2016
2	LPSC selects outside technical consultant	February 24, 2016
3	REC reviews RSP Report and prepares draft findings and recommendations	March 2016
4	REC submits Findings to Staff / Entergy	March 30, 2016
5	Meet with Entergy to discuss findings and recommendations	April 2016
6	Entergy files revised RSP Report with agreed changes	April 24, 2016
<b>If Necessary:</b>		
7	Unresolved disputes submitted to Commission for final ruling / Order	May 2016
8	Entergy files final RSP Report	June 2016
9	Entergy determines amount of refund or surcharge due, with interest	August 2016

## PRIOR EXPERIENCE

REC has assisted the Louisiana Public Service Commission Staff in a number of utility dockets, including:

Docket No. U-31971 *Joint Application of Entergy Louisiana, LLC for Approval to Construct Unit 6 at Ninemile Point Station and of Entergy Gulf States Louisiana, L.L.C. for Approval to Participate in a Related Contract for the Purchase of Capacity and Electric Energy, for Cost Recovery and Request for Timely Relief.*

Docket No. U-33033 *Joint Application of Entergy Louisiana, LLC and Entergy Gulf States Louisiana, LLC for Certification of First Year Revenue Requirement Associated with Construction of Ninemile 6 and Related Purchase Power Agreement and Request for Timely Relief.*

Undocketed *Entergy Service's Inc.'s 2014 Request for Proposals for Limited Term Capacity-Only Products.*

Docket No. X-33322 *Audit of Southwestern Electric Power Company's charges flowed through its Fuel Adjustment Charge, Pursuant to Commission General Order U-21497 from the Period Beginning January 1, 2005 Through December 31, 2013 (2005-2013).*

Docket No. U-33492 *Dixie Electric Membership Corporation's Formula Rate Plan Annual Filings Pursuant to Order No. U-33063-A.*

Docket No. X-33577 *Investigation into the Ability of Southwestern Electric Power Company to Maintain Service During Severe Weather Events.*

Docket No. U-33633 *Application of Entergy Louisiana, LLC for Review of the Management of the Construction of Ninemile 6, Pursuant to Order No. U-31971.*

Docket No. U-33906 *Dixie Electric Membership Corporation's Formula Rate Plan Annual Filings Pursuant to Order No. U-33063-A.*

Mr. Nalepa has also been instrumental in the development and subsequent reviews of annual cost adjustment clauses including annual Rate Review Mechanisms ("RRM") and Cost of Service Adjustment ("COSA") filings by utilities in Texas. Following are examples of recent rate filings in which he has participated:

*Atmos Energy Mid Tex Division annual Rate Review Mechanism: 2016, 2015, 2014*

*Atmos Energy West Texas Division annual Rate Review Mechanism: 2015, 2014, 2013*

*CenterPoint Energy South Texas Division annual Interim Rate Adjustment filing: 2015*

*Texas Gas Service Rio Grande Valley Service Area annual Cost of Service Adjustment filing: 2015, 2014, 2013*

*Texas Gas Service Galveston Service Area annual Cost of Service Adjustment filing: 2015, 2013*

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**REFERENCES**

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Stone Pigman Walther Wittmann LLC  
Mr. Paul L. Zimmering, Esq.  
546 Carondelet Street  
New Orleans, Louisiana 70130  
(504) 581-3200

The Lawton Law Firm  
Mr. Dan Lawton  
12600 Hill Country Blvd., Suite R-275  
Austin, Texas 78738  
(512) 322-0019

Lloyd Gosselink Rochelle & Townsend, PC  
Mr. Geoffrey M. Gay  
816 Congress Avenue, Suite 1900  
Austin, Texas 78701  
(512) 322-5875

Herrera & Boyle, PLLC  
Mr. Alfred Herrera  
816 Congress Avenue, Suite 1120  
Austin, Texas 78701  
(512) 474-1492

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**PERSONNEL**

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REC's project team is proposed to consist of two highly experienced consultants. Although we do not anticipate using other REC consultants during this engagement, additional REC personnel are available to provide additional assistance to this project, if necessary. Brief descriptions of each consultant who will participate in this project are provided below along with that consultant's role in this project. Resumes of each of these individuals are provided in the attachments to this proposal.

REC's project manager will be Karl Nalepa, an economist with more than 30 years of experience in the energy sector. In addition to his consulting experience, he has previously held positions with both the Public Utility Commission of Texas and the Railroad Commission of Texas. He has extensive experience analyzing utility rate filings and has prepared and defended expert testimony in both administrative and civil proceedings. As a Railroad Commission Assistant Director, he has managed participation in all aspects of contested proceedings including cost of service and rate design. Mr. Nalepa has experience in utility cost-of-service and rate analysis for electric and natural gas distribution utilities as well as experience in the analysis of accounting and economic data for determination of revenue requirements. Mr. Nalepa regularly provides consulting assistance in utility matters relating to pricing and regulatory issues. He has provided expert testimony before various regulatory agencies. Mr. Nalepa has been project manager for REC for numerous engagements relating to pricing, cost-of-service, revenue requirements, regulatory issues and other matters. Mr. Nalepa's responsibilities in this engagement include coordination and control of REC's consulting efforts, development of pricing programs and prices and support of other REC consulting personnel in all aspects of REC's work efforts. He will serve as principal contact at REC and will direct the activities of other REC consultants in this engagement.

Robert Stemper's primary emphasis is in microcomputer software development and execution of cost-of-service, rate design, and other support programs. On numerous occasions,

Mr. Stemper has been responsible for the gathering and processing of engineering and accounting data, including the system and customer load characteristics, required to complete these analyses. Mr. Stemper's 40 year career began as a rate analyst with the Public Utility Commission of Wisconsin. He has experience in load research, rate design, accounting and marginal cost-of-service studies for electric, gas and water utilities. He has conducted numerous assignments for investor-owned, publicly-owned, and member-owned utilities. He has developed microcomputer-based models for utility applications and provided documentation and training sessions for client personnel.

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**STATEMENT OF POTENTIAL CONFLICTS OF INTEREST**

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The Consultant, ReSolved Energy Consulting, has no relationships between itself or its employees and the companies under the jurisdiction of the Louisiana Public Service Commission, or with any subsidiaries or affiliates of such companies. To the best of our knowledge and belief, there are no real or potential conflicts of interest that exist between the Consultant and any utilities in Louisiana.



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**BUDGET ESTIMATE**

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<u>Hourly Rates:</u>		<u>Total Budget Estimate:</u>	
Mr. Karl Nalepa	\$260/hr	Professional Fees	\$19,000
Mr. Robert Stemper	\$225/hr	Other Costs	<u>800</u>
		Total Cost	\$19,800

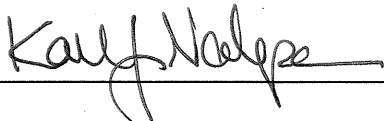
REC will only bill for actual hours of work performed and costs incurred up to the approved budget. The proposed budget is based on REC's best estimate of the scope of the project as outlined in the application and REC will obtain approval of the Commission prior to any change in the budget. If the scope of the project changes as a result of actions outside the control of REC which result in an increase to the budget, the Commission must approve the change in budget prior to REC commencing work under the revised scope.

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**AUTHORIZED SIGNATURE**

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RESOLVED ENERGY CONSULTING, LLC  
 11044 RESEARCH BLVD., SUITE A-420  
 AUSTIN, TEXAS 78759  
 PHONE: (512) 331-4949, EXT. 105




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KARL J. NALEPA  
 PRESIDENT

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**APPENDIX - RESUMES**

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## **KARL J. NALEPA**

Mr. Nalepa is an energy economist with more than 30 years of private and public sector experience in the electric and natural gas industries. He has extensive experience analyzing utility rate filings and resource plans with particular focus on fuel and power supply requirements, quality of fuel supply management, and reasonableness of energy costs. Mr. Nalepa developed peak demand and energy forecasts for municipal and electric cooperative utilities and has forecast the price of natural gas in ratemaking and resource plan evaluations. He led a management and performance review of the Texas Public Utility Commission, and has conducted performance reviews and valuation studies of a number of municipal utility systems. Mr. Nalepa previously directed the Railroad Commission of Texas' Regulatory Analysis & Policy Section, with responsibility for preparing timely natural gas industry analysis, managing ratemaking proceedings, mediating informal complaints, and overseeing consumer complaint resolution. He has prepared and defended expert testimony in both administrative and civil proceedings, and has served as a technical examiner in natural gas rate proceedings.

### **EDUCATION**

- |      |   |
|------|---|
| 1998 | Certificate of Mediation<br>Dispute Resolution Center, Austin |
| 1989 | NARUC Regulatory Studies Program<br>Michigan State University |
| 1988 | M.S. - Petroleum Engineering<br>University of Houston         |
| 1980 | B.S. - Mineral Economics<br>Pennsylvania State University     |

### **PROFESSIONAL HISTORY**

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|-------------|--|
| 2003 -      | ReSolved Energy Consulting<br>President and Managing Director                |
| 1997 – 2003 | Railroad Commission of Texas<br>Asst. Director, Regulatory Analysis & Policy |
| 1995 – 1997 | Karl J. Nalepa Consulting<br>Principal                                       |
| 1992 – 1995 | Resource Management International, Inc.<br>Supervising Consultant            |
| 1988 – 1992 | Public Utility Commission of Texas<br>Fuels Analyst                          |
| 1980 – 1988 | Transco Exploration Company<br>Reservoir and Evaluation Engineer             |
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## **AREAS OF EXPERTISE**

### **Regulatory Analysis**

*Electric Power:* Analyzed electric utility rate, certification, and resource forecast filings. Assessed the quality of fuel supply management, and reasonableness of fuel costs recovered from ratepayers. Projected the cost of fuel and purchased power. Estimated the impact of environmental costs on utility resource selection. Participated in regulatory rulemaking activities. Provided expert staff testimony in a number of proceedings before the Texas Public Utility Commission.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the Public Utility Commission. Also assist municipal utilities in preparing and defending requests to change rates and other regulatory matters before the Public Utility Commission.

*Natural Gas:* Directed the economic regulation of gas utilities in Texas for the Railroad Commission of Texas. Responsible for monitoring, analyzing and reporting on conditions and events in the natural gas industry. Managed Commission staff representing the public interest in contested rate proceedings before the Railroad Commission, and acted as technical examiner on behalf of the Commission. Mediated informal disputes between industry participants and directed handling of customer billing and service complaints. Oversaw utility compliance filings and staff rulemaking initiatives. Served as a policy advisor to the Commissioners.

As consultant, represent interests of municipal clients intervening in large utility rate proceedings through analysis of filings and presentation of testimony before the cities and Railroad Commission. Also assist small utilities in preparing and defending requests to change rates and other regulatory matters before the Railroad Commission.

### **Litigation Support**

Retained to support litigation in natural gas contract disputes. Analyzed the results of contract negotiations and competitiveness of gas supply proposals considering gas market conditions contemporaneous with the period reviewed. Supported litigation related to alleged price discrimination related to natural gas sales for regulated customers. Provided analysis of regulatory and accounting issues related to ownership of certain natural gas distribution assets in support of litigation against a natural gas utility. Supported independent power supplier in binding arbitration regarding proper interpretation of a natural gas transportation contract. Provided expert witness testimony in administrative and civil court proceedings.

**Utility System Assessment**

Led a management and performance review of the Public Utility Commission. Conducted performance reviews and valuation studies of municipal utility systems. Assessed ability to compete in the marketplace, and recommended specific actions to improve the competitive position of the utilities. Provided comprehensive support in the potential sale of a municipal gas system, including preparation of a valuation study and all activities leading to negotiation of contract for sale and franchise agreements.

**Energy Supply Analysis**

Reviewed system requirements and prepared requests for proposals (RFPs) to obtain natural gas and power supplies for both utility and non-utility clients. Evaluated submittals under alternative demand and market conditions, and recommended cost-effective supply proposals. Assessed supply strategies to determine optimum mix of available resources.

**Econometric Forecasting**

Prepared econometric forecasts of peak demand and energy for municipal and electric cooperative utilities in support of system planning activities. Developed forecasts at the rate class and substation levels. Projected price of natural gas by individual supplier for Texas electric and natural gas utilities to support review of utility resource plans.

**Reservoir Engineering**

Managed certain reserves for a petroleum exploration and production company in Texas. Responsible for field surveillance of producing oil and natural gas properties, including reserve estimation, production forecasting, regulatory reporting, and performance optimization. Performed evaluations of oil and natural gas exploration prospects in Texas and Louisiana.

**PROFESSIONAL MEMBERSHIPS**

Society of Petroleum Engineers  
International Association for Energy Economics  
United States Association for Energy Economics

**SELECT PUBLICATIONS, PRESENTATIONS, AND TESTIMONY**

“Summary of the USAEE Central Texas Chapter’s Workshop entitled ‘EPA’s Proposed Clean Power Plan Rules: Economic Modeling and Effects on the Electric Reliability of Texas Region,’” with Dr. Jay Zarnikau and Mr. Neil McAndrews, USAEE Dialogue, May 2015

“Public Utility Ratemaking,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, September 2013

“What You Should Know About Public Utilities,” EBF 401: Strategic Corporate Finance, The Pennsylvania State University, October 2011

“Natural Gas Markets and the Impact on Electricity Prices in ERCOT,” Texas Coalition of Cities for Fair Utility Issues, Dallas, October 2008

“Natural Gas Regulatory Policy in Texas,” Hungarian Oil and Gas Policy Business Colloquium, U.S. Trade and Development Agency, Houston, May 2003

“Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2003

“Gas Utility Update,” Railroad Commission Regulatory Expo and Open House, October 2002

“Deregulation: A Work in Progress,” Interview by Karen Stidger, *Gas Utility Manager*, October 2002

“Regulatory Overview: An Industry Perspective,” Southern Gas Association’s Ratemaking Process Seminar, Houston, February 2001

“Natural Gas Prices Could Get Squeezed,” with Commissioner Charles R. Matthews, *Natural Gas*, December 2000

“Railroad Commission Update,” Texas Society of Certified Public Accountants, Austin, April 2000

“A New Approach to Electronic Tariff Access,” Association of Texas Intrastate Natural Gas Pipeline Annual Meeting, Houston, January 1999

“A Texas Natural Gas Model,” United States Association for Energy Economics North American Conference, Albuquerque, 1998

“Texas Railroad Commission Aiding Gas Industry by Updated Systems, Regulations,” *Natural Gas*, July 1998

“Current Trends in Texas Natural Gas Regulation,” Natural Gas Producers Association, Midland, 1998

“An Overview of the American Petroleum Industry,” Institute of International Education Training Program, Austin, 1993

Direct testimony in PUC Docket No. 10400 summarized in *Environmental Externality*, Energy Research Group for the Edison Electric Institute, 1992

“God’s Fuel - Natural Gas Exploration, Production, Transportation and Regulation,” with Danny Bivens, Public Utility Commission of Texas Staff Seminar, 1992

“A Summary of Utilities’ Positions Regarding the Clean Air Act Amendments of 1990,” Industrial Energy Technology Conference, Houston, 1992

“The Clean Air Act Amendments of 1990,” Public Utility Commission of Texas Staff Seminar, 1992

**KARL J. NALEPA  
TESTIMONY FILED**

<b><u>DKT NO.</u></b>	<b><u>DATE</u></b>	<b><u>REPRESENTING</u></b>	<b><u>UTILITY</u></b>	<b><u>PHASE</u></b>	<b><u>ISSUES</u></b>
<u>Before the Public Utility Commission of Texas</u>					
45084	Nov 15	Cities	Entergy Texas, Inc.	TCRF	TCRF Methodology
45083	Oct 15	Cities	Entergy Texas, Inc.	DCRF	DCRF Methodology
45071	Aug 15	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
44941	Dec 15	City of El Paso	El Paso Electric	Cost of Service	CEP Adjustments
44677	Jul 15	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
44572	May 15	Cities	CenterPoint Energy Houston	DCRF	DCRF Methodology
44060	May 15	City of Frisco	Brazos Electric Coop	CCN	Transmission Cost Recovery
43695	May 15	Pioneer Natural Resources	Southwestern Public Service	Cost of Service	Cost Allocation
43111	Oct 14	Cities	Entergy Texas Inc.	DCRF	DCRF Methodology
42770	Aug 14	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
42485	Jul 14	Cities	Entergy Texas, Inc.	EECRF	EECRF Methodology
42449	Jul 14	City of El Paso	El Paso Electric	EECRF	EECRF Methodology
42448	Jul 14	Cities	SWEPSCO	TCRF	Transmission Cost Recovery Factor
42370	Dec 14	Cities	SWEPSCO	Rate Case Expenses	Rate Case Expenses
41791	Jan 14	Cities	Entergy Texas, Inc.	Cost of Service	Cost of Service/Fuel
41539	Jul 13	Cities	AEP Texas North	EECRF	EECRF Methodology
41538	Jul 13	Cities	AEP Texas Central	EECRF	EECRF Methodology

<u>DKT NO.</u>	<u>DATE</u>	<u>REPRESENTING</u>	<u>UTILITY</u>	<u>PHASE</u>	<u>ISSUES</u>
41444	Jul 13	Cities	Entergy Texas, Inc.	EECRF	EECRF Methodology
41223	Apr 13	Cities	Entergy Texas, Inc.	ITC Transfer	Public Interest Review
40627	Nov 12	Austin Energy	Austin Energy	Cost of Service	General Fund Transfers
40443	Dec 12	Office of Public Counsel	SWEPCO	Cost of Service	Cost of Service/Fuel
40346	Jul 12	Cities	Entergy Texas, Inc.	Join MISO	Public Interest Review
39896	Mar 12	Cities	Entergy Texas, Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power
39366	Jul 11	Cities	Entergy Texas, Inc.	EECRF	EECRF Methodology
38951	Feb 12	Cities	Entergy Texas, Inc.	CGS Tariff	CGS Costs
38815	Sep 10	Denton Municipal Electric	Denton Municipal Electric	Interim TCOS	Wholesale Transmission Rate
38480	Nov 10	Cities	Texas-New Mexico Power	Cost of Service	Cost of Service/Rate Design
37744	Jun 10	Cities	Entergy Texas, Inc.	Cost of Service/ Fuel Reconciliation	Cost of Service/ Nat Gas/ Purch Power/ Gen
37580	Dec 09	Cities	Entergy Texas, Inc.	Fuel Refund	Fuel Refund Methodology
36956	Jul 09	Cities	Entergy Texas, Inc.	EECRF	EECRF Methodology
36392	Nov 08	Texas Municipal Power Agency	Texas Municipal Power Agency	Interim TCOS	Wholesale Transmission Rate
35717	Nov 08	Cities Steering Committee	Oncor	Cost of Service	Cost of Service/Rate Design
34800	Apr 08	Cities	Entergy Gulf States	Fuel Reconciliation	Natural Gas/Coal/Nuclear
16705	May 97	North Star Steel	Entergy Texas	Fuel Reconciliation	Natural Gas/Fuel Oil
10694	Jan 92	PUC Staff	Midwest Electric Coop	Revenue Requirements	Depreciation/ Quality of Service



DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
10473	Sep 91	PUC Staff	HL&P	Notice of Intent	Environmental Costs
10400	Aug 91	PUC Staff	TU Electric	Notice of Intent	Environmental Costs
10092	Mar 91	PUC Staff	HL&P	Fuel Reconciliation	Natural Gas/Fuel Oil
10035	Jun 91	PUC Staff	West Texas Utilities	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas/Fuel Oil/Coal
9850	Feb 91	PUC Staff	HL&P	Revenue Req. Fuel Factor	Natural Gas/Fuel Oil/ETSI Natural Gas/Coal/Lignite
9561	Aug 90	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
9427	Jul 90	PUC Staff	LCRA	Fuel Factor	Natural Gas
9165	Feb 90	PUC Staff	El Paso Electric	Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas
8900	Jan 90	PUC Staff	SWEPCO	Fuel Reconciliation Fuel Factor	Natural Gas Natural Gas
8702	Sep 89 Jul 89	PUC Staff	Gulf States Utilities	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas/Fuel Oil Natural Gas/Fuel Oil Natural Gas/Fuel Oil
8646	May 89 Jun 89	PUC Staff	Central Power & Light	Fuel Reconciliation Revenue Requirements Fuel Factor	Natural Gas Natural Gas/Fuel Oil Natural Gas
8588	Aug 89	PUC Staff	El Paso Electric	Fuel Reconciliation	Natural Gas

<b>DKT NO.</b>	<b>DATE</b>	<b>REPRESENTING</b>	<b>UTILITY</b>	<b>PHASE</b>	<b>ISSUES</b>
<u>Before the Railroad Commission of Texas</u>					
10498	Feb 16	NatGas, Inc.	NatGas, Inc.	Cost of Service	Cost of Service/Rate Design
10359	Jul 14	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10295	Oct 13	Cities Steering Committee	Atmos Pipeline Texas	Revenue Rider	Rider Renewal
10242	Jan 13	Onalaska Water & Gas	Onalaska Water & Gas	Cost of Service	Cost of Service/Rate Design
10196	Jul 12	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
10190	Jan 13	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10174	Aug 12	Steering Committee of Cities	Atmos Energy West Texas	Cost of Service	Cost of Service/Rate Design
10170	Aug 12	Cities Steering Committee	Atmos Energy Mid Tex	Cost of Service	Cost of Service/Rate Design
10106	Oct 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10083	Aug 11	City of Magnolia, Texas	Hughes Natural Gas	Cost of Service	Cost of Service/Rate Design
10038	Feb 11	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
10021	Oct 10	AgriTex Gas, Inc.	AgriTex Gas, Inc.	Cost of Service	Cost of Service/Rate Design
10000	Dec 10	Cities Steering Committee	Atmos Pipeline Texas	Cost of Service	Cost of Service/Rate Design
9902	Oct 09	Gulf Coast Coalition	CenterPoint Energy Entex	Cost of Service	Cost of Service/Rate Design
9810	Jul 08	Bluebonnet Natural Gas	Bluebonnet Natural Gas	Cost of Service	Cost of Service/Rate Design
9797	Apr 08	Universal Natural Gas	Universal Natural Gas	Cost of Service	Cost of Service/Rate Design
9732	Jul 08	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9670	Oct 06	Cities Steering Committee	Atmos Energy Corp.	Cost of Service	Affiliate Transactions/ O&M Expenses/GRIP
9667	Nov 06	Oneok Westex Transmission	Oneok Westex Transmission	Abandonment	Abandonment

DKT NO.	DATE	REPRESENTING	UTILITY	PHASE	ISSUES
9598	Sep 05	Cities Steering Committee	Atmos Energy Corp.	GRIP Appeal	GRIP Calculation
9530	Apr 05	Cities Steering Committee	Atmos Energy Corp.	Gas Cost Review	Natural Gas Costs
9400	Dec 03	Cities Steering Committee	TXU Gas Company	Cost of Service	Affiliate Transactions/ O&M Expenses/Capital Costs
<u>Before the Louisiana Public Service Commission</u>					
U-33633	Nov 15	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Prudence
U-33033	Jul 14	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Revenue Requirement
U-31971	Nov 11	PSC Staff	Entergy Louisiana, LLC/ Entergy Gulf States Louisiana	Resource Certification	Certification/Cost Recovery
<u>Before the Arkansas Public Service Commission</u>					
07-105-U	Mar 08	Arkansas Customers	CenterPoint Energy, Inc. & pipelines serving CenterPoint	Gas Cost Complaint	Prudence / Cost Recovery

## **ROBERT J. STEMPER**

Mr. Stemper is an expert in pricing, cost analysis, utility modeling, and regulatory matters. He has over 35 years of experience as a regulator and as a consultant to the energy industry. Mr. Stemper has a background in electric and gas utilities and has provided analytical and technical services in development of utility pricing and costing; in the analysis of demand-side management programs; in quantifying accounting adjustments in regulatory proceedings; in conducting competitive assessments; and in evaluating investor-owned, publicly-owned, and member-owned revenue requirements. Mr. Stemper has considerable experience developing and maintaining sophisticated economic models that have been used in contested cases in a number of jurisdictions.

### **EDUCATION**

- |      |  |
|------|--|
| 1979 | Conference on Energy and Communications<br>Institute of Public Utilities<br>Williamsburg, Virginia |
| 1979 | Symposium on Ratemaking Problems of Regulated Industries<br>Kansas City, Missouri                  |
| 1976 | NARUC Regulatory Studies Program<br>Michigan State University                                      |
| 1974 | B.S., Marketing & Distributive Education<br>University of Wisconsin – Stout                        |

### **PROFESSIONAL HISTORY**

- |           |  |
|-----------|--|
| 2006-     | ReSolved Energy Consulting<br>Senior Management Consultant       |
| 1984-2006 | Management Applications Consulting, Inc.<br>Principal Consultant |
| 1979-1984 | Gilbert Commonwealth<br>Senior Management Consultant             |
| 1975-1979 | Public Utility Commission of Wisconsin<br>Utility Rate Analyst   |

**REPRESENTATIVE PROJECT EXPERIENCE**

As a consultant Mr. Stemper's primary emphasis has been microcomputer software development and execution of cost-of-service, rate design and rate case support programs. He has been responsible for the gathering and processing of engineering and accounting data, including system and customer load characteristics, required to complete these analyses.

As a consultant developed computer models for several of the largest investor owned electric utilities in Texas and elsewhere in the United States to calculate the unbundled cost-of-service in response to deregulated markets. Models were custom designed to reflect the structure and individual characteristics of the systems analyzed. Costs were automatically unbundled by classified component, function, and delivery voltage to meet restructuring needs in a competitive environment. Unbundled costs were identified by line item and by account. The models were integrated with other in-house revenue requirement models and database programs and included user-friendly custom menus that provide the ability to modify the program's input, allocation factors, and other basic assumptions.

Responsible for the calculation of complex alternative cost allocation methodologies such as probability of dispatch, probability of peak, proportional responsibility, and capital substitution approaches.

Mr. Stemper has also conducted cost-of-service and rate design studies for electric cooperatives in Texas and New Mexico. In addition he evaluated cooperative power supply contracts analyzing alternative sources of supply and pricing options and conducted sensitivity analyses to determine the impact on utility earnings of the loss of large industrial consumers.

As a consultant to the largest electric cooperative in the country and a Texas public power generation and transmission agency Mr. Stemper developed the transmission cost-of-service (TCOS) models used to identify recoverable transmission costs and calculate access charges. The models calculated both historic and forecasted transmission costs. Mr. Stemper developed complex forecasting methodologies and integrated data from multiple sources into a single user friendly model.

As a consultant Mr. Stemper has calculated the revenue requirement of numerous municipal utilities, conducted cost-of-service studies allocating cost to customer classes and designed rates. These projects included the development of general fund transfer algorithms and overhead cost assignment methodologies. Mr. Stemper has conducted studies forecasting municipal budget revenue and expenses identifying the need for pricing adjustments. In his work with these municipal utilities Mr. Stemper has developed innovative cost and pricing approaches in response to the economic needs of the municipality's large commercial and industrial consumers in a manner that was equitable to all stakeholders.

Mr. Stemper has also developed cost-of-service and rate design models for natural gas transmission and distribution utilities. Mr. Stemper was responsible for the calculation of weather adjusted sales volumes.

Mr. Stemper has performed detailed functional analyses of transmission and distribution systems for classification of facilities to voltage levels. He has also prepared distribution substation studies identifying and quantifying the levels of distribution and transmission investment.

He has developed and presented distribution plant functionalization studies using minimum system and zero intercept methodologies to identify customer and capacity related costs.

Mr. Stemper developed an in-house gas pipeline transportation customer billing model to provide customer service representatives with the ability to provide consumers with an on-the-spot estimate of

anticipated monthly bills when rate changes are put into effect. The model calculated bulk and network transmission charges for historic, current, and forecast periods so that load altering scenarios could be examined.

As a consultant developed models to calculate cash working capital requirements based on an integrated Lead / Lag analysis of expense and revenue components for electric and natural gas utilities. These studies addressed the lead and lag days related to various revenue, purchased power, operating and maintenance expenses, payroll related expenses, pensions and benefits, income taxes, and other taxes to quantify the revenue requirement impact.

Utilizing individual customer billing cycle energy usage data developed complex models of calendar month system 15 minute interval load profiles needed for power procurement analyses.

Provided technical consulting services in the development of demand-side management programs. Defined program objectives and established measures of program evaluation and implementation. Responsible for the development and regulatory filing of comprehensive analysis of supply and demand side energy efficiency activities.

He has assisted a public power agency in analyzing lines-of-business as part of organizational restructuring efforts. This study unbundled the company's investments and cash flow requirements associated with electric generation and transmission services, water & wastewater, land & recreation, environmental, and community development services. The study quantified the revenue requirements of segregated business entities and corporate overhead functions.

Mr. Stemper analyzed the costs and benefits to the transfer of several large commercial customers between electric utility providers. His analyses included the impact on purchased power costs, transmission investments, and margins. Mr. Stemper provided alternative pricing options including revenue neutral and cost based access charges.

Mr. Stemper has developed user manuals and conducted numerous training presentations to educate clients in the use of cost of service and rate related programs.

As a Commission Rate Analyst identified public policy issues, conducted discovery and analysis advocating a public interest position in electric and natural gas distribution rate proceedings.

As a Commission Rate Analyst prepared and analyzed marginal and accounting time differentiated cost-of-service studies. Presented testimony regarding cost-of-service and tariff design. Cross-examined witnesses at hearings and prepared cross-examination for staff counsel. Responded to Commissioners inquiries, prepared orders and audited utility compliance filings.

As a Commission Rate Analyst participated in the conduct of a generic analysis of the economic and environmental impact of alternative electric rate structures.

As a Commission Rate Analyst responded to and resolved public inquiries and complaints.